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JOUTEL COPPER MINES LIMITED
(NO PERSONAL LIABILITY)

Annual Report

FOR THE YEAR ENDED DECEMBER 31st, 1965

Joutel Copper Mines Limited

(No Personal Liability)

DIRECTORS

K. C. GRAY	-	-	-	-	-	-	-	-	-	Toronto, Ontario
L. B. HARDER	-	-	-	-	-	-	-	-	-	New York City, New York
P. PRICE	-	-	-	-	-	-	-	-	-	Toronto, Ontario
W. S. ROW	-	-	-	-	-	-	-	-	-	Toronto, Ontario
J. H. STOVEL	-	-	-	-	-	-	-	-	-	Toronto, Ontario

OFFICERS

W. S. ROW	-	-	-	-	-	-	-	-	-	-	President
J. H. STOVEL	-	-	-	-	-	-	-	-	-	-	Vice-President
R. D. STEWART	-	-	-	-	-	-	-	-	-	-	Secretary
B. C. BONE	-	-	-	-	-	-	-	-	-	-	Treasurer
J. B. SAGE	-	-	-	-	-	-	-	-	-	-	Assistant Secretary
E. FUTTERER	-	-	-	-	-	-	-	-	-	-	Manager
D. B. CAMPBELL	-	-	-	-	-	-	-	-	-	-	Resident Superintendent

HEAD OFFICE

SUITE 605 - 399 ST. JOSEPH STREET EAST
QUEBEC CITY, P.Q.

EXECUTIVE OFFICE

SUITE 1600 - 44 KING STREET WEST
TORONTO 1, ONTARIO

TRANSFER AGENT AND REGISTRAR

THE ROYAL TRUST COMPANY
119 ADELAIDE STREET WEST, TORONTO 1, ONTARIO

ANNUAL MEETING

Tuesday, April 19th, 1966, at 10:00 a.m.
Windsor Hotel, Montreal, Quebec

Joutel Copper Mines Limited

(No Personal Liability)

Directors' Report

TO THE SHAREHOLDERS:

Your Directors submit herewith the Annual Report for the year ended December 31, 1965.

During the year ten diamond drill holes from surface failed to extend ore reserves which at year end were estimated to contain, above the 1025-foot level, 1,370,000 tons of copper ore grading 2.35% copper and 225,000 tons of zinc ore grading 9.5% zinc and 0.26% copper. No allowance has been made for dilution. Some 209,000 tons of zinc ore below this horizon, included in estimates a year ago, have been deleted for economic reasons.

Last September it was decided to prepare the property for production at a rate of 700 tons per day. Agreements have been completed with Mines de Poirier Inc. which provide for the concentration of Joutel ore in the Mine de Poirier concentrator and provides for loans from Joutel of up to \$650,000 to Mines de Poirier for the mill expansion required for that purpose.

In order to finance the Company to production it was estimated that additional funds of about \$3,000,000 would be required. In November, 1965, the shareholders of Joutel Copper Mines Limited were offered units each consisting of a \$100 principal amount of 6% redeemable income debentures maturing December 31, 1975 and 20 shares of common stock. The units were offered at \$90 each and the total offering consisted of \$2,876,000 of principal amount of debentures and 575,200 shares of common stock. The offering was well received and a total of \$2,588,400 was added to the treasury and the share capital of the Company was increased to 4,889,073 shares. The balance of approximately \$400,000, representing working capital, will be borrowed.

Preproduction development underground commenced in the second half of the year. The shaft was deepened 153 feet to provide for a loading pocket, spill pocket and crusher station. About 82,000 cubic feet of station excavation, 101 feet of drifting and 182 feet of raising was completed.

A new cafeteria and dormitory have been completed and foundations for the production headframe, ore bin and service building were under construction at the year end.

The property is now serviced by a gravel road from the Matagami highway, the two sections of which are linked by a new bridge across the Harricana River. The road and bridge were jointly financed by the Province of Quebec and the mining companies.

It is expected that ore shipments will commence late in 1966.

Expenditures for the year totalled \$475,573 and at year end net current assets were \$2,461,328.

On behalf of the Board,

W. S. ROW,
President.

February 21, 1966.

Joutel Copper

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Balance Sheet—

ASSETS

CURRENT:

Cash and short-term notes	\$ 2,718,395.69
Accounts receivable	39,375.71
Inventory of supplies, at cost	2,140.24
	<u>2,759,911.64</u>

OTHER:

Buildings and equipment, at cost	416,801.00	
Mining properties (note 1)	450,000.00	
Exploration, development and other expenditures (note 2)	2,105,443.76	
Discount on debentures	575,200.00	
Incorporation expenses	<u>3,000.00</u>	3,550,444.76

NOTES:

1. The mining properties were acquired in consideration for the issue of 900,000 shares of capital stock valued by the directors at 50¢ per share.
2. \$407,700 of the exploration, development and other expenditures were incurred by the vendors of the mining properties; as consideration for this the company issued 815,400 shares of capital stock at a price of 50¢ per share.
3. During 1965 the company issued \$2,876,000 principal amount of 6% Secured Redeemable Income Debentures and 575,200 shares in units (each unit comprising \$100 principal amount of debentures and 20 shares) at a price of \$90 per unit. Of this price 50¢ per share was deemed by the directors to be consideration for the shares so issued.
Interest accrues from December 1, 1965, the date of issue of the debentures, but no amount will be payable until May 31, 1968. The payment of interest will depend upon the availability of the company's operating profits (as defined).
4. The completion of the development of the company's mining properties and its participation in the expansion of the Mines de Poirier mill will involve additional expenditures estimated at approximately \$2,500,000.

\$ 6,310,356.40

AUDIT

To the Shareholders of
Joutel Copper Mines Limited:
(No Personal Liability)

We have examined the balance sheet of Joutel Copper Mines Limited (No Pers other expenditures for the year ended on that date and have obtained all the information accounting procedures and such tests of accounting records and other supporting evidence.

In our opinion and according to the best of our information and the explanation sheet and statement of exploration, development and other expenditures are proper company as at December 31, 1965, and results of its operations for the year ended on consistent with that of the preceding year.

Toronto, Canada,
February 15, 1966.

Lines Limited

ability)

laws of Quebec)

December 31, 1965

LIABILITIES

CURRENT:

Accounts payable and accrued charges \$ 298,583.40

6% Secured Redeemable Income Debentures, maturing
December 31, 1975 (note 3) 2,876,000.00

CAPITAL:

Authorized — 5,000,000 shares of a par value of
\$1.00 each

Issued — 4,889,073 shares (note 3) 4,889,073.00

Less discount 1,753,300.00 3,135,773.00

On behalf of the Board:

W. S. ROW, Director.

J. H. STOVEL, Director.

\$ 6,310,356.40

REPORT

ility) as at December 31, 1965, and the statement of exploration, development and
and explanations we have required. Our examination included a general review of the
e considered necessary in the circumstances.

given to us, and as shown by the books of the company, the accompanying balance
n up so as to exhibit a true and correct view of the state of the affairs of the
te, in accordance with generally accepted accounting principles applied on a basis

CLARKSON, GORDON & CO.,
Chartered Accountants.


Joutel Copper Mines Limited

(No Personal Liability)

Statement of Exploration, Development and Other Expenditures

For the Year Ended December 31, 1965

	Balance December 31, 1964	Expenditures during the year	Balance December 31, 1965
Geophysical	\$ 27,324.26	\$ 247.28	\$ 27,571.54
Transfer and assessment fees	16,747.99	114.25	16,862.24
Diamond drilling	660,609.76	69,598.26	730,208.02
Assaying	20,162.88	1,833.92	21,996.80
Shaft sinking	418,407.81	61,988.60	480,396.41
Drifting and crosscutting	246,289.87	8,655.98	254,945.85
Slashing	73,967.19		73,967.19
Ore passes and raises		10,254.24	10,254.24
Miscellaneous stations		104,112.79	104,112.79
Mine maintenance	47,813.24	172,599.20	220,412.44
Supervisory salaries and expenses	66,709.05	17,908.89	84,617.94
Field office administration	37,459.46	15,465.29	52,924.75
Cost of access roads	60,000.00	858.16	60,858.16
	1,675,491.51	463,636.86	2,139,128.37
Administration and financing expenditures .	47,356.10	11,936.32	59,292.42
	1,722,847.61	475,573.18	2,198,420.79
Less interest earned	57,333.65	35,643.38	92,977.03
	<u>\$ 1,665,513.96</u>	<u>\$439,929.80</u>	<u>\$ 2,105,443.76</u>



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